

Message Text

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PAGE 01 SEOUL 01786 050638Z
ACTION EA-09

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C O N F I D E N T I A L SEOUL 1786

EA PASS TO AMBASSADOR SNEIDER

EO 11652: GDS
TAGS: EGEN KS
SUBJ: DU PONT ORLON LICENSING PROPOSAL

REF: SEOUL 1663

1. ECON COUNSELOR MET WITH MINISTER OF COMMERCE AND
INDUSTRY AND ASSISTANT MINISTER FOR LIGHT INDUSTRIES
YOO KAK-CHONG ON MARCH 2. THE MINISTER SAID THE ROKG HAD
ACCEPTED AMBAASSADOR SNEIDER'S VIEWS ON DESIRABILITY OF DU PONT'S
PROPOSED LICENSING TO PRODUCE ORLON IN KOREA. HOWEVER, IT
WOULD BE VERY DIFFICULT FOR THE GOVERNMENT TO ACCEPT THE
PRESENT LICENSEE, CHONBANG, WHICH HAD NEVER PRODUCED
FIBER AND LACKED THE MANAGEMENT. IN ANY CASE, THE USG
INTEREST WAS IN GETTING DU PONT IN AND IT WAS UP TO
DU PONT TO DECIDE ON ITS PARTNER. THE ROKG PROPOSED
THEREFORE TO SET UP A NEW COMPANY IN WHICH THE PRESENT
PRODUCERS OF ACRYLIC (WET PROCESS) HAMIL AND THE TAE WHA
WOULD PUT UP THE CAPITAL AND PERHAPS SOME SPINNERS
WOULD ALSO. TO THE ECONOMIC COUNSELOR'S QUESTION
WHETHER OTHERS, SUCH AS CHONBANG COULD ALSO BUY IN,
THE MINISTER SAID YES (ALTHOUGH THIS WAS APPARENTLY
A SPUR-OF-THE-MONENT RESPONSE AND NOT PREVIOUSLY
CONTEMPLATED). THE GOVERNMENT WOULD APPOINT THE PRESIDENT.
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2. ECONOMIC COUNSELOR SAID HE COULD NOT SPEAK
FOR DU PONT BUT THERE WERE CERTAIN OBVIOUS PROBLEMS
WITH THIS PROPOSAL. THE MINISTER AKED THAT THE
MATTER BE KEPT CONFIDENTIAL AND NOT COMMUNICATED TO
LOCAL BUSNESSMEN AND THAT THE ECONOMIC COUNSELOR
APPROACH DU PONT TO SEE IF THEY WULD ENTERTAIN

DISCUSSIONS.

3. SUBSEQUENTLY A REPRESENTATIVE OF HANIL APPROACHED AN EMBASSY KOREAN EMPLOYEE ASKING TO BEGIN DISCUSSIONS WITH THE ECON COUNSELOR, AND WE ASSUME LOOKING FORWARD TO TALKING WITH DU PONT, BUT WE HAVE DEFERRED UNTIL WE HAVE TALKED TO DU PONT.

4. SUBSEQUENT TO THE DISCUSSION WITH THE MINISTER, THE ECONOMIC COUNSELOR LEARNED THAT CHONBANG WAS OUT OF ORLON AND THE GOVERNMENT HAD REFUSED TO LICENSE ANY FURTHER IMPORTS. HE THEREFORE PASSED THE WORD TO THE MINISTER OF COMMERCE AND INDUSTRY THAT HE DOUBTED WHETHER DU PONT WOULD NEGOTIATE UNDER THOSE CIRCUMSTANCES AND THAT IN ANY CASE, SUCH AN EMBARGO WAS CLEARLY AGAINST USG INTEREST FOR B/P REASONS. ASSISTANT MINISTER YOO STATED THEY WOULD LICENSE FURTHER IMPORTS, BUT THE AMOUNT WOULD BE LIMITED AND SUBJECT TO FURTHER STUDY. ECON COUNSELOR THEN ASKED TO KNOW HOW MUCH AND WHEN LICENSES WOULD BE GRANTED FOR FURTHER IMPORTS, BEFORE HE BROACHED THE MATTER WITH DU PONT.

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